

## Chapter 5

# Making Higher Education More Affordable

### Be an Informed Consumer

Because you'll invest considerable time and money in your education, you need to be an informed consumer. If you're enrolling in a two- or four-year college, you'll probably receive a bill for tuition and fees before each semester or quarter begins. This is usually due on or before registration for classes. Any financial aid you receive for that term is usually credited to your account at that time.

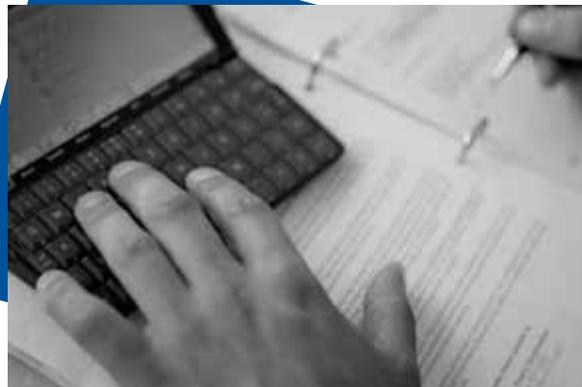
Trade schools may charge tuition and fees for the entire program at the beginning of the program. Your financial aid award, however, will usually be divided into at least two payments — one at the beginning of the program, the second after you've completed half of the program.

Most schools will first use your financial aid award to pay tuition, fees and other charges. If any remains, the school must give it to you to help you pay your living expenses.

You should find out if you get a refund if you withdraw from school. No one plans to withdraw, but serious illness can put you so far behind that you have no other choice. Or you may decide that the school's program isn't right for you.

Every school that participates in federal student aid programs must have a written refund policy and must give you a copy of the policy if you ask for one. Have it in writing before you begin school. If you withdraw, you may have to refund all or some of your student aid. Usually the refund will be used first to repay your student loan, then any grant or scholarship programs from which you received funds. If you must withdraw, notify the school immediately.

Read all contracts and paperwork carefully. If a school representative promises you things, be sure they are



written into the contract so there will be no misunderstanding later.

### Cutting Costs

The cost of your education includes billable expenses (tuition and fees, room and board) and nonbillable expenses (transportation, books, supplies, laundry, clothes, child care and other personal expenses). The 2005–2006 estimated billable costs for most Kentucky colleges and trade schools are included in Part III, beginning on page 94. For out-of-state schools, consult *The College Cost Book* or *The College Handbook* in your public library.

Following are just a few possibilities for cutting costs or making college more affordable. Not all of these may be options for you; check with your school to find out. Depending on your situation, you may think of other cost-cutting ideas.

- Take extra classes to reduce the time required to complete your program of study. By taking a heavier class load each semester and taking classes during summer sessions and/or the mini sessions many schools have between spring and summer

sessions, some students complete four-year degrees in three years.

- Take College-Level Examination Program (CLEP) tests and receive college credit. See Chapter 4 for more information.
- If you took Advanced Placement (AP) courses in high school, find out if you're eligible for AP examinations. At some schools, a good grade on an AP exam can earn you course credit.
- Check to see if you can receive credit for life or work experiences or courses offered by business, government, the Armed Forces and other organizations.



- See if your employer has a tuition assistance program for employees and if you're eligible.
- Find out if you qualify for a part-time job through a work-study program or co-op education which allows you to study one semester and work the next.
- Attend a community college and live at home. Make sure you take courses that will transfer and count toward your degree. See Chapter 3 for more information.
- Take online, correspondence courses or telecourses. For more information, see Chapter 3.
- Instead of buying textbooks at the college bookstore, go online and check out sites such as

amazon.com. If possible, buy used textbooks instead of new ones. If you're not going to keep the textbook, try to sell it yourself to someone taking the same class next semester. You'll get more for it than you will if you sell it back to the bookstore.

- Apply for student aid.
- If the school you'd like to attend is out-of-state, check with the financial aid office to see if it has a reciprocal tuition plan that lets out-of-state students pay tuition at in-state rates.
- If you're interested in a major that isn't offered at a Kentucky public university, check to see if the program is offered at an out-of-state school participating in the Academic Common Market. See Chapter 6 for more information.

### Payment Options

Some schools don't require full payment when you register. You may be able to make payments throughout the semester, monthly payments or payments on some other regular basis. Using credit cards to make payments is another possibility. Check with the business office to see what options are available.



## Where to Find Financial Aid

There are many things you can do to increase your chances of receiving financial aid to help pay college expenses. KHEAA and The Student Loan People offer the following tips.

- ▶ **Talk with financial aid officers at the schools you're interested in attending.** They can inform you about aid programs available through the school. See Part III for names, addresses and other information.
- ▶ **Visit [www.kheaa.com](http://www.kheaa.com),** which features information about KHEAA financial aid programs and services, KHEAA publications and links to other financial aid sites. You can also access the most current information about your KHEAA grant, loan or KEES award.
- ▶ **Search for free information about scholarships and other student aid sources.** KHEAA suggests the following activities:
  - Consult *Affording Higher Education*, a KHEAA book with more than **3,600** sources of student aid for Kentucky students administered by Kentucky schools, state and federal governments, and Kentucky companies and organizations. Copies are available at public libraries and counselor offices and on [www.kheaa.com](http://www.kheaa.com).
  - Read *Funding Your Education*, a U.S. Department of Education handbook with federal aid program information. Copies should be available at public libraries, at counselor offices and online at <http://studentaid.ed.gov/students/publications/FYE/index.html>. You can get more details by



calling the Federal Student Aid Information 800.433.3243 or visiting [www.ed.gov](http://www.ed.gov).

- Watch newspapers for scholarships offered through local community service organizations, businesses, clubs, unions, churches, fraternal groups, etc., and contact them for more information.
- Write to organizations connected with your field of interest that may have financial aid available. These organizations are listed in directories of associations available in public libraries.
- Check with community organizations and civic groups such as the American Legion, YMCA, 4-H Club, Kiwanis, Jaycees, Chamber of Commerce and Girl or Boy Scouts. Foundations, religious organizations, fraternities or sororities and town or city clubs are other possible sources of aid.
- Visit the National Association of Student Financial Aid Administrators' website at [www.nasfaa.org](http://www.nasfaa.org). This site includes the full text of the publications *Academics: You Can Do It*, *Financial Aid: You Can Afford It* and *Cash for College*; has links to many related sites; and can lead you to information about scholarships, scams and personal finances.
- Check with your public library about publications and reference materials that detail sources of financial aid.



**Hop onboard KHEAA's College Info Road Show.** This mobile classroom visits Kentucky schools and events and provides materials, publications, live internet access, a guided tour through the interactive [GoHigherKY.org](http://GoHigherKY.org) website and information from financial aid experts. Take advantage of these free services when your community is visited.

- ▶ **Learn about low-interest loans.** You should first seek aid that you don't have to repay. However, most financial aid packages prepared by schools contain student loans. That means you need to learn as much as you can about the benefits offered by lenders. Different lenders offer different benefits. Some of those benefits come when you take out the loan, such as lower origination and guarantee fees, which means more money for you to pay for educational expenses. Others come when you're paying back the loan, such as lower interest rates and loan forgiveness if you provide a service, such as teaching or nursing. You need to find the lender whose program best suits your situation. KHEAA administers the Federal Family Education Loan Program (FFELP), the largest student loan program in the state. Detailed descriptions of FFELP and other programs can be found in Chapter 8.



You can now check out most of your college information at one easy stop. GoHigherKY.org lets you explore Kentucky colleges and universities. You can see what schools match your preferences in enrollment size, student-to-faculty ratio, costs and other criteria.



You can focus your college wish list to those schools that meet your goals. You can apply online, tour campuses and search for scholarships for — **FREE**. Plus, you only have to enter information once before clicking to automatically fill out applications.

GoHigherKy.org guides you through the entire college preparation experience, from early planning, selection, application and admissions to financial aid. The site will give you an estimate of your financial aid eligibility and will automatically fill in the FAFSA on the Web with your information. Your data is secure and encrypted to ensure confidentiality.

GoHigherKy.org is sponsored by KHEAA, The Student Loan People, other state agencies and Kentucky colleges and universities.

## Other Helpful Websites

- ✓ The Student Loan People  
[www.studentloanpeople.com](http://www.studentloanpeople.com)
- ✓ Kentucky Association of Student Financial Aid Administrators  
[www.kasfaa.com](http://www.kasfaa.com)
- ✓ Kentucky Council on Postsecondary Education  
[www.cpe.state.ky.us](http://www.cpe.state.ky.us)
- ✓ Kentucky Virtual University  
[www.kyvu.org](http://www.kyvu.org)
- ✓ Association of Independent Kentucky Colleges and Universities  
[www.aikcu.org](http://www.aikcu.org)
- ✓ U.S. Department of Education  
[www.ed.gov](http://www.ed.gov)
- ✓ Kentucky Community and Technical College System  
[www.kctcs.edu](http://www.kctcs.edu)
- ✓ Mapping your Future  
[www.mapping-your-future.org](http://www.mapping-your-future.org)
- ✓ The College Board  
[www.collegeboard.com](http://www.collegeboard.com)
- ✓ Minority On-Line Information Service  
[www.iam-molis.org](http://www.iam-molis.org)
- ✓ FinAid! the SmartStudent™ Guide to Financial Aid  
[www.finaid.org](http://www.finaid.org)
- ✓ The Coalition of America's Colleges and Universities  
[www.collegeispossible.org](http://www.collegeispossible.org)

## Don't Get Caught In the Scam Trap

**No one likes to be victimized. But if you're not careful, you could be the victim of a scam.** You will probably need financial aid to help pay for college. The money is out there, but make sure your sources are reliable or you could find out the hard way that not everyone is honest!

Be wary of any company that offers to do the work for you — at a price. It sounds so easy: Just fill out a form and sit and wait for all these scholarships to fall in your lap. Scholarship search companies may charge hundreds of dollars to give you a list of scholarships for which you can apply.

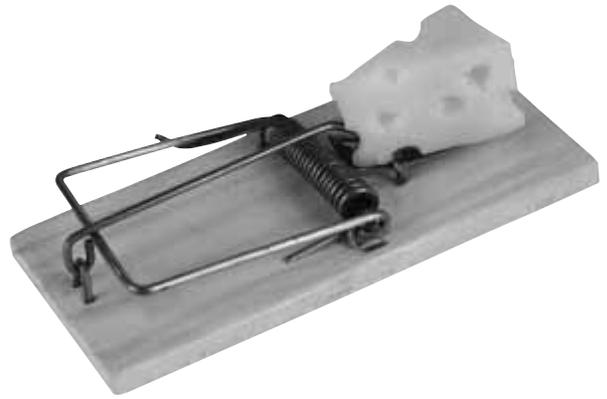
There are some easy steps you can take to get the same information for free.

### STEP 1

Contact someone in the financial aid office at each school you're considering. That person can tell you about the financial aid programs offered by the school.

### STEP 2

Attend any free financial aid workshops sponsored by local colleges and universities or the Kentucky Association of Student Financial Aid Administrators, such as College Goal Sunday. Don't confuse these free events with events sponsored by companies that offer services for a fee.



### STEP 3

Before paying a fee for financial aid information, check out the company by contacting the Better Business Bureau; the Kentucky Attorney General's office, Consumer Protection Division, 1024 Capital Center Drive, Frankfort, KY 40601, 888.432.9257, [ag.ky.gov/cp/](http://ag.ky.gov/cp/); or the Attorney General in the state where the company is located.

### STEP 4

Check out the Internet. It can help you find scholarship sources. You can do a **free** scholarship search on [GoHigherKY.org](http://GoHigherKY.org) and link to others from [www.kheaa.com](http://www.kheaa.com).

If you're going to use the Internet, remember that websites are not regulated by any agency. It doesn't take much to start a fantastic-looking website, so you can't judge the site simply by the way it looks. A scam artist can set up a website, take people's money for a few weeks, shut down the site and disappear.

**There are no processing fees involved with filing the FAFSA. If someone calls and tells you that you've been approved for a grant and says you need to pay a processing fee, they're scam artists.**

Don't gamble with your future. The Federal Trade Commission cautions students to be especially skeptical about scholarship search companies and sites that make these claims:

***“You’ve been selected by a national foundation to receive a scholarship.”***

Visit the website of The Foundation Center, [www.fdncenter.org](http://www.fdncenter.org), to find out if the foundation is legitimate.

***“We’ll do all the work.”***

The company may send you a long list, but you’ll have to fill out all the applications.

***“I just need your credit card or bank account number to hold this scholarship.”***

**NEVER** give these numbers to a person or company you’re not sure about. Someone with your credit card number can charge something to your card, and someone with your bank account number can make withdrawals — without your knowledge.

***“This scholarship will cost some money.”***

Some legitimate scholarships do have up-front fees, but they shouldn’t be more than \$5 to \$10.

***“The scholarship is guaranteed or your money back.”***

Read the fine print. To get a refund, you may have to receive a letter of rejection from **every** source on their list. That may be impossible to do if a scholarship on the list is no longer offered. Some unscrupulous companies even give you sources that don’t exist. The fine print may state that **all** types of student financial aid are included, so if you get a loan and no scholarships, you still can’t get your money back.

***“You can’t get this information anywhere else.”***

Nearly all the information can be found by working a college financial aid officer, visiting the public library or doing a free online scholarship search.



For more information about scholarship frauds, check out these websites:

**Federal Trade Commission, [www.ftc.gov](http://www.ftc.gov)**

You can also file a complaint with the FTC by calling toll free 877.382.4357 or submitting an online complaint form available on the FTC website.

**National Fraud Information Center, [www.fraud.org](http://www.fraud.org)**

This site provides information on how to spot, stop and report a scam. You can report one online or call the center toll free at 800.876.7060.

**FinAid, [www.finaid.org/scholarships/scams.phtml](http://www.finaid.org/scholarships/scams.phtml)**

This is another site that provides information on how to identify and report scams.

Remember, however, that the absence of complaints may not mean the company or foundation is legitimate — it may just be so new that no one has filed a complaint yet.

## Your Tools for Comparison

You've been accepted by more than one school. How do you know which school is offering you the best financial aid package? What if the school you want to attend costs more than another one? Is there a possibility that after applying all your awards, you might be able to attend the school of your dreams instead of settling for another one? There's one way to find out: Compare the award letters.

An award letter will usually show the total cost of attendance — what it costs to go to that school for one year, including tuition, fees, room, meals, books, supplies, transportation and personal expenses. It may also show how much you are expected to pay toward those costs, the expected family contribution (EFC). The EFC is subtracted from the total cost of attendance to get your financial need.

The letter will then list various sources of financial aid offered to pay for the costs not covered by the EFC. You can accept or reject any or all of those proposed sources.

Let's look at sample awards from two four-year colleges. These are purely fictional.



Financial Need	School A	School B	Awards	School A	School B
<b>Total Cost</b>	<b>\$12,500</b>	<b>\$17,500</b>	School Grant	0	0
EFC	5,000	5,000	Federal Pell Grant	0	0
Local Scholarship	500	500	State Grant	1,400	2,000
Financial Need	7,000	12,000	Federal Perkins Loan	1,500	3,625
			Federal Stafford Loan	4,100	4,375
			<b>Total Award</b>	<b>7,000</b>	<b>12,000</b>
			<b>Unmet Need</b>	<b>0</b>	<b>0</b>

There are some things that you need to take into consideration. One of these is what your total debt load will be after four years of school.

School A's package includes \$5,600 in student loans. That's 80 percent of the total package. Over four years, that adds up to \$22,400 in loans you'll have to pay back. School B's package, on the other hand, includes \$8,000 in student loans, which is 66.7 percent of the total package, less than School A's percentage. But over four years, that adds up to \$32,000 you'll have to repay.

Something else to consider is that you and your family are expected to come up with \$5,000 (the EFC). If you have that money, either from your income or savings, that's great. If you don't have that kind of money, you'll have to get it from somewhere, most likely through a loan. You have various loan sources available. There's the Federal PLUS Loan that your parents can apply for if you're still a dependent student, and there are private loans, such as The Student Loan People's Advantage Loan.

Maybe you've applied for other scholarships but won't know if you've won one until after receiving the award letter. You need to see how each school handles additional scholarship funds. Some will decrease the school grant by that much, while others will decrease both suggested loans and grants. That can make a big difference in how much you will have to pay back.

Let's take one more look at our sample packages. Let's suppose that School B didn't give you a school grant. In that case, the unmet need would be \$2,000. That's called a gap — the difference between the aid the school is offering and how much financial need a student has. Again, that's money you'll have to come up with if you choose School B.

Maybe the school of your dreams is a possibility; maybe it isn't. So, don't sign an award letter without comparing it with all your other options. One of the tools you can use to find out which school is making you the best offer is the chart on page 45. Use it to compare the financial aid packages of all the schools in which you have an interest.



## Comparing Costs

When it comes to comparing the costs of various colleges, remember that on the broadest level, costs are divided into **billable** costs and **nonbillable** costs.

**Billable** costs are what you have to pay to start college. At the least, they include tuition and fees. If you're going to live in school-provided housing, billable costs will also include room and board. They're called "billable" because the school will bill you for them.

**Nonbillable** costs include everything else — textbooks, supplies (such as pens and notebooks), transportation and personal items (soap, shampoo, clothes, entertainment, laundry, etc.).

It's in the room and board and the nonbillable costs that you can save money, sometimes lots of money, by smart shopping. Textbooks are expensive, so you can save money by buying used books whenever possible. You can buy many textbooks online. Instead of buying notebooks and pens at college bookstores, buy them at discount stores.

If you're going to a school nearby, you can save room and board by commuting from home. It's also possible to cut down on room and board costs by sharing an apartment with friends. However, some colleges require freshmen to live on campus their first year, sometimes first two years.

So, unless you don't have to worry about how to pay for college, it's a good idea to compare schools' billable and nonbillable costs when you're checking out colleges. Once you've done that, you and your family can sit down and discuss ways to save on nonbillable costs.



# Questions You Should Ask the Financial Aid Office

Let's look at what you need to know about costs and financial aid from the schools you're applying to.

First of all, you need to know what financial aid forms you have to fill out and what the deadlines are. You can pretty much assume you'll have to fill out the FAFSA, but some schools also have a form to fill out if you want to apply for school-administered aid programs. In fact, you should ask the financial aid office about any special aid programs it has in addition to state and federal programs.

Secondly, you need to know how much it will cost to attend each school for a year. For comparison purposes, you should ask the financial aid office to break the costs down by:

- Tuition.
- Fees.
- Room.
- Board.
- Books and supplies.
- Transportation.
- Personal expenses.

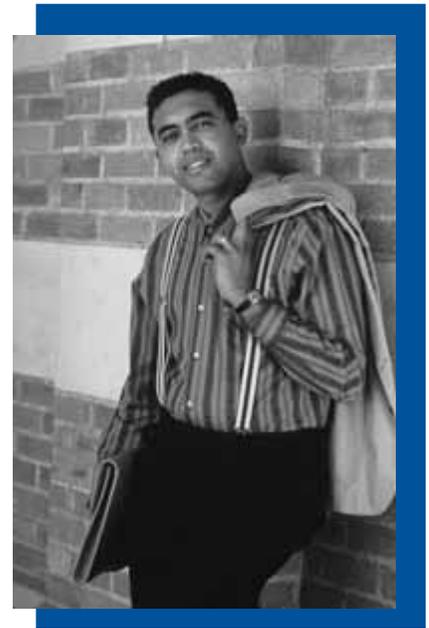
You should ask the financial aid office how it treats outside scholarships and how work-study will affect your bill. You should also ask if financial need will affect the school's decision about admitting you.

Other things you need to check on include:

- Whether your award will be reconsidered if your financial situation changes.
- Whether you can expect roughly the same financial aid package each year or if the package includes one-time-only awards.
- How much of your package includes student loans.
- What the school expects the average student loan debt will be.

Finally, you should ask the financial aid office for a list of everything it needs from you if you accept the package: tax returns, acceptance letter, promissory note, applications, etc.

Remember that financial aid packages are, to some extent, negotiable. State and federal programs generally have limits on how much you can receive from them. Beyond that, though, many schools have their own funds. If you really want to go to a particular school but the financial aid package isn't quite what you want, talk with someone in the financial aid office. The school may be able to come up with additional funds.



# Financial Aid Packages

Take the time to fill out this form for a comparison of all the schools you're considering. This will give you an idea of what your best value is. Sometimes the most expensive schools have scholarships that will bring them in line with others. So don't limit yourself, consider all your choices and compare.

**Packaging of aid at most schools is tentative pending completion and verification of information on the financial aid application(s).**

## Package Evaluation

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<b>Financial Aid Package</b>			
			Total Cost of Attendance (varies from school to school)
			Minus Estimated Family Contribution (remains the same)
			<b>Equals Financial Need</b>
<b>Financial Aid Package</b>			
			Federal Pell Grant
			College Access Program (CAP) Grant
			Kentucky Tuition Grant (KTG)
			Federal Supplemental Educational Opportunity Grant (FSEOG)
			Other Grants
			Kentucky Educational Excellence Scholarship (KEES)
			Other Scholarships
			Federal Work-Study
			KHEAA Work-Study Program (KWSP)
			Federal Perkins Loan
			Federal Stafford Loan (Subsidized and/or Unsubsidized)
			Federal PLUS Loan
			Other Loans
			<b>Total Financial Aid Package</b>